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SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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A Daily Summary of
S.E.C. Activities

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SEC RESCINDS RULE 133, ADOPTS RULE 145, AND TAKES OTHER RELATED ACTIONS.

The Commission today adopted Rule 145 and certain other rule changes relating to securities issued in specified types of business combinations, and has rescinded prospectively Rule 133 under the Securities Act concerning the so-called "no-sale" doctrine, effective January 1, 1973.

Rule 145 provides that the submission to the vote or consent of security holders of a corporation or other person, of a plan or agreement for certain reclassifications of securities, mergers or consolidations, or transfers of assets, is deemed to involve an "offer", "offer to sell", "offer for sale", or "sale" of the securities to be issued in the transaction. The effect of the rule would be to require registration of such securities under the Securities Act, unless an exemption from registration is available. Since Rule 133 is inconsistent with Rule 145, it is rescinded.

Rule 145(a) states that an "offer", "offer for sale", "offer to sell", or "sale" is deemed to be involved under certain conditions, as to security holders voting or consenting to (1) a reclassification, other than a stock split, reverse stock split, or change in par value, which involves the substitution of one security for another; (2) a merger or consolidation, except where the sole purpose of the transaction is to change the issuer's domicile; and (3) a transfer of assets involving the issuance of securities, if specified criteria indicate the securities are to be passed through to the security holders so voting or consenting.

Rule 145(b) specifies the communications announcing a business combination which are not deemed to be a "prospectus" or "offer to sell" for purposes of Sections 2(10) and 5 of the Securities Act. The notice may include, among other things, the identity of the issuer and other parties to the transaction; a brief description of the business of such parties; and a description of the transaction, including the basis upon which such transaction will be made.

Rule 145(c) describes persons or parties deemed to be underwriters of securities issued in a transaction of the type described in Rule 145. The rule states that any party to any such transaction, other than the issuer, or any person who is an affiliate of such party at the time any such transaction is submitted for vote or consent, who publicly offers or sells securities of the issuer acquired in connection with any such transaction, shall be deemed to be an underwriter thereof. Rule 145(d) states that persons or parties deemed underwriters may resell under certain provisions of Rule 144, without meeting the holding period requirements of Rule 144(d).

Rule 153A defines the term "preceded by a prospectus" in connection with transactions of the type referred to in Rule 145(a), to mean the delivery of a prospectus prior to the vote of security holders, or, with respect to action taken by consent, prior to the earliest date on which action may be taken. The prospectus is to be delivered to all security holders of record entitled to vote or consent thereon, at their addresses of record on the transfer records of the company.

In order to facilitate the registration of securities issued in transactions of the type referred to in Rule 145, Form S-14 is revised. The form is a "wrap around" form which permits the prospectus to be in the format of a proxy or information statement meeting the requirements of applicable proxy or information statement rules under the Exchange Act. Issuers which are not subject to those rules could nevertheless prepare their prospectus in the format of a proxy or information statement and include the information which would be contained in such a statement if the issuer were subject to those rules.

Amendments are made to Rules 14a-2, 14a-6, and 14c-5 under the Exchange Act, to conform to filing requirements for proxy material and information statements with information filed in connection with a transaction of the type described in Rule 145 and registered on Form S-14.

Rule 145 is effective for matters submitted for security holder vote or consent on or after January 1, 1973, except that it shall not apply for those matters formally presented, prior to such date, to a governmental agency for approval, where such approval is required by law.

Rule 133 is rescinded prospectively on and after January 1, 1973 except that: (1) the rule will continue to be available for completion and consummation of any transaction submitted before that date for vote or consent of security holders; (2) it will continue to be available for completion and consummation of any transaction which, before such date, has been formally submitted for approval to any governmental agency; and (3) it will continue to be available for resales of securities received by persons in any transaction for which the rule is available.

The other adoptions and amendments to the rules and to Form S-14 become effective on January 1, 1973. (Rel. 33-5316)

DECISION IN ADMINISTRATIVE PROCEEDING

BRIAN LLOYD ORDERED TO FILE REPORTS. The SEC has issued an order directing Brian-Lloyd Company, Inc., New York City to file, within 30 days, required reports with respect to its business, operations and financial condition for the 6-month period ended November 30, 1970, the quarter ended February 28, 1971, and the fiscal year ended May 31, 1971, and certified financial statements for fiscal 1970. The company had failed to appear at a hearing and was deemed to be in default. (Rel. 34-9793)

SELF-REGULATION VIABLE,
LOOMIS TELLS SENATE COMMITTEE

Commissioner Philip A. Loomis, Jr. yesterday told a congressional committee that the SEC does not subscribe to the view held by some industry observers that self-regulation is no longer viable. "The system of self-regulation has served, in many areas," he said, "as a source of affirmative protection to public investors and as an important vehicle to implement the regulatory objectives of the Congress."

Testifying before the Subcommittee on Securities of the Senate Committee on Banking, Housing and Urban Affairs, Mr. Loomis said that despite these views, the magnitude and rapidity of the changes in our securities markets and the resulting changes in the nature of the issues which confront all concerned with the regulation of those markets, including the self-regulatory agencies, have thrown a considerable strain upon the existing pattern of self-regulation which has, in turn, revealed certain weaknesses.

He testified that in his opinion the self-regulatory bodies should be made to give the general public opportunity for comment on all proposed rules having significant impact, either upon their membership as a whole, or particularly, upon non-members.

"I do not believe that the self-regulatory bodies should be saddled with the whole panoply of government administrative procedure of the type imposed upon agencies of the federal government under the Administrative Procedure Act," he said. "I doubt if it would be suitable for non-government organizations, and furthermore, based on my experience as a government official and for many years as a member of the Administrative Conference of the United States, I have concluded that the imposition of government administrative procedure is not without serious problems, including delay, cumbersome formalities and unnecessary expense for all concerned."

COMMISSION ANNOUNCEMENT

EFM FINANCIAL TRADING BAN LIFTED. The SEC on October 4 announced that the suspension of the over-the-counter trading in the common stock of EFM Financial Corporation (EFM), a Delaware corporation with its principal office in San Diego, California, will be terminated a midnight (EDT) on October 4, 1972. Until May 1972, a wholly-owned subsidiary of Exten Ventures, Inc., EFM is primarily engaged in the operation of a distributorship in San Diego County, California, for Cashway, Inc.

Between May 1972, when an over-the-counter market in EFM stock first appeared, and September 1972, the market price of EFM stock rose rapidly for no apparent reason. The Commission initially suspended trading in EFM's stock because of this unexplained rapid price rise coupled with certain questions raised concerning transactions between EFM, its affiliates and management.

EFM has issued two letters to shareholders and unaudited financial statements as of August 31, 1972. The financial statements disclose that EFM has current assets of \$22,825 of which \$15,519 represents receivables from Exten and Cashway. Since May 31, 1971 EFM has received only \$51 from its Cashway distributorship and \$5,000 from consulting fees from an affiliated company. EFM is unable to account for the price rise in its stock and has cautioned its shareholders that there are so few EFM shares in the hands of the public that a relatively small amount of trading can cause a relatively large price movement.

Broker-dealers are specifically warned that there are only approximately 60,000 EFM shares available for trading and that the staff of the Commission will maintain a continuous surveillance of EFM's future over-the-counter trading market. (Rel. 34-9803)

COURT ENFORCEMENT ACTION

COMPLAINT NAMES NATURAL ENERGIES, OTHERS. The SEC Washington Regional Office on October 4 announced the filing of a complaint in the Federal court of Alexandria, Virginia, seeking to enjoin Natural Energies, Inc., Charles R. Allen and Ferrell L. Prior, all of Parkersburg, West Virginia, from violations of the registration provisions and antifraud provisions of the Federal securities laws in connection with the offer and sale of over \$1,000,000 of unregistered fractional undivided working interests in the form of oil and gas leases located in West Virginia. (LR-5555)

MINUTE APPROVED CREDIT PLAN, A.C. KLUGER & CO., OTHERS ENJOINED. The SEC New York Regional Office announced that on September 29 Minute Approved Credit Plan, Inc. of Brooklyn, New York, Joseph Lichtman of Brooklyn, New York, Murray Lichtman of Queens, New York and A.C. Kluger & Co. a broker-dealer of New York, New York, were enjoined from violating the registration and antifraud provisions of the Federal securities laws with regard to the offer and sale of securities of Minute Approved Credit Plan, Inc. The defendants were ordered to disgorge any proceeds received in connection with a public offering of Minute Approved Credit Plan stock which occurred in July 1972. A.C. Kluger was ordered to disgorge \$35,000. Nathan B. Kogan was appointed the receiver of Minute, so as to assure the restitution of funds received by that corporation to the public. (LR-5556)

TRIO SECURITIES TEMPORARILY RESTRAINED. The SEC New York Regional Office announced that on October 2 the Federal court in Brooklyn, New York entered an order temporarily restraining Trio Securities, Inc., a Brooklyn broker-dealer, from further violation of the Commission's net capital, bookkeeping, hypothecation and supplemental reporting requirements. The Securities Investor Protection Corporation filed an application stating that the customers of Trio were in need of the protection of the 1970 SIPC legislation and seeking appointment of a trustee to liquidate Trio. Howard G. Michaelson, president, was temporarily restrained from aiding and abetting violations. (LR-5557)

HOLDING COMPANY ACT RELEASE

COLUMBIA GAS SYSTEM. The SEC has issued an order authorizing The Columbia Gas System, Inc., Wilmington, Del. holding company, to issue and sell at competitive bidding \$60,000,000 principal amount of debentures. The net proceeds of the sale will be added to Columbia's general funds, and together with other funds, will be issued to finance, among other things, the 1972 construction program of its subsidiary companies, estimated at \$250,000,000. (Rel. 35-17716)

INVESTMENT COMPANY ACT RELEASES

MUNICIPAL BOND FUND, SERIES 1, SERIES 2. The SEC has issued an order exempting Municipal Bond Fund, Series 1, Series 2 and subsequent series, all unit investment trusts, from certain provisions of the Act insofar as such provisions would prevent them from distributing capital gains more than once a year. (Rel. IC-7403)

PAINE WEBBER MUNICIPAL BOND FUNDS. The SEC has issued an order exempting Paine Webber Municipal Bond Fund, First Series, Second Series, Third Series, and subsequent series, all unit investment trusts, from certain provisions of the Act insofar as such provisions would prevent them from distributing capital gains more than once a year. (IC-7404)

SECURITIES ACT REGISTRATIONS

SOUTHERN STATES COOPERATIVE, 7th and Main Sts., Richmond, Va., filed a registration statement on September 28 seeking registration of \$1,500,000 of debentures, due 1983, 10,000 shares of 6% cumulative preferred stock (\$100 par), and 1,500,000 shares of membership common stock. The debentures are to be offered for public sale at 100% of principal amount and the preferred stock at \$100 per share; the common stock is to be issued primarily in payment of patronage refunds and may be held only by producers of agricultural products or associations of such producers who use the services of the company. No underwriting is involved. The company is a farmers' cooperative association. Net proceeds of the preferred stock will be used for redemption of such stock under the company policy of providing a limited market for preferred stock; net proceeds of the debentures will be used to meet these obligations as they mature and the balance of the proceeds will be used for general corporate purposes. (File 2-45860)

COM-SHARE, INCORPORATED, 2395 Huron Parkway, Ann Arbor, Mich. 48104, filed a registration statement on September 28 seeking registration of 24,896 shares of common stock issuable pursuant to warrants. The company is engaged in offering the use of computer systems on a time sharing basis. (File 2-45861)

PUBLIC SERVICE ELECTRIC AND GAS COMPANY, 80 Park Place, Newark, N.J. 07101, filed a registration statement on September 28 seeking registration of 750,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale (*at \$102 per share maximum) through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, One Liberty Plaza, New York. Of the net proceeds of its stock sale, \$27 million will be used to pay short-term obligations and the balance for other corporate purposes. Construction expenditures are estimated at \$426 million in 1973. (File 2-45865)

TALLEY INDUSTRIES, INC., 3500 North Greenfield Rd., Mesa, Ariz. 85201, filed a registration statement on September 28 seeking registration of \$25 million of sinking fund debentures, due 1997, to be offered for public sale through underwriters headed by Dean Witter & Co. Inc., 14 Wall St., and Bache & Co. Inc., 100 Gold St., both of New York. The company is engaged in the manufacture, importing and distribution of clocks and watches and ladies' wearing apparel, the manufacture and sale of recreational products, hardware products, metal stampings, timers and control devices, fuses, gas generators, ballistic and explosive and other products. Net proceeds will be used for reduction of debt. (File 2-45866)

PULLMAN BANK AND TRUST COMPANY, 400 East 111th St., Chicago, Ill. 60628, filed a registration statement on September 28 seeking registration of 336,658 outstanding shares of common stock (51% of the outstanding capital stock), to be offered for public sale by the holder thereof (Bessemer Securities Corporation). The offering is to be made (* at \$20 per share maximum) through underwriters headed by Hornblower & Weeks-Hemphill Noyes Inc., 8 Hanover St., New York 10004. (File 2-45867)

TAMMS INDUSTRIES CO., 1222 Ardmore Ave., Itasca, Ill. 60143, filed a registration statement on September 28 seeking registration of 120,000 shares of common stock, to be offered for public sale (* at \$9 per share maximum) through underwriters headed by Hartzmark & Co., Inc., 1000 East Ohio Bldg., Cleveland, Ohio 44114. The company manufactures natural and synthetic colorants and pigments, waterproofing materials, specialty cements and levelling compounds and other construction materials. Net proceeds will be used to repay indebtedness and for working capital and other corporate purposes. (File 2-45868)

MISCELLANEOUS

UNLISTED TRADING SOUGHT. The SEC has issued a notice giving interested persons until October 15 to request a hearing upon an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks or specified securities of the following companies: Canadian Occidental Petroleum Ltd., Cavanagh Communities Corp., Certified Corp., Combined Communications Corp., Commercial Alliance Corp., Genge Industries, Inc., Permaneer Corp., Larwin Realty and Mortgage Trust (Shares of Beneficial Interest). (Rel. 34-9807)

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the suspension of (a) exchange and over-the-counter trading in the securities of Topper Corporation for the further ten-day period October 6-15, inclusive, (b) over-the-counter trading in the securities of Oceanography Mariculture Industries, Inc., Trans-East Air, Inc., First World Corporation, and Accurate Calculator Corporation for the further ten-day period October 7-16, inclusive, and (c) over-the-counter trading in the securities of First Leisure Corporation and LDS Dental Supplies, Inc., for the further ten-day period October 8-17, inclusive.

SECURITIES ACT REGISTRATIONS. Effective October 4: Applied Materials, Inc., 2-45028 (Jan 1); Biomedical Development Corp., 2-44499 (40 days); Hook Drugs, Inc., 2-45359; Household Finance Corp., 2-45761; Longchamps, Inc., 2-44897; Mammoth Mart, Inc., 2-45277; Redken Laboratories, Inc., 2-45639; SCA Services, Inc., 2-45653; Shapell Industries, Inc., 2-45626; Southwest Leasing Corp., 2-43035.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.

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